



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

400 Seventh Street, S.W.
Washington, D.C. 20590

NOV 28 2005

Mr. Mark Worthey
Vice President of Operations
Denbury Onshore, L.L.C.
5100 Tennyson Parkway, Suite 3000
Plano, TX 74024

RE: CPF No. 2-2005-5007

Dear Mr. Worthey:

Enclosed is the Final Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It makes a finding of violation and assesses a civil penalty of \$23,250. I acknowledge receipt of, and accept payment dated June 1, 2005 in the amount of \$23,250 as payment in full of the civil penalty assessed against Denbury Onshore, L.L.C. in the Final Order. This case is now closed. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Sincerely,

James Reynolds
Pipeline Compliance Registry
Office of Pipeline Safety

Enclosure

cc: Ms. Linda Daugherty, Director, OPS Southern Region

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

In the Matter of

Denbury Onshore, L.L.C.,

Respondent.

CPF No. 2-2005-5007

FINAL ORDER

From August 30, 2004 to September 3, 2004, pursuant to 49 U.S.C. § 60117, a representative of the Office of Pipeline Safety (OPS), Southern Region conducted an on-site pipeline safety inspection of Respondent's North East Jackson Dome (NEJD) pipeline facilities in Mississippi. As a result of the inspection, the Director, Southern Region, OPS, issued to Respondent, by letter dated May 11, 2005, a Notice of Probable Violation and Proposed Civil Penalty (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had committed violations of 49 C.F.R. Part 195 and proposed assessing a civil penalty of \$23,250 for the alleged violations.

Respondent responded to the Notice by letter dated June 9, 2005 (Response). Respondent did not contest the allegation of violation, but offered information to explain the allegations and provided information concerning the corrective actions it has taken. Respondent did not request a hearing, and therefore has waived the right to one.

FINDINGS OF VIOLATION

Uncontested

Respondent did not contest the alleged violations in the Notice. Accordingly, I find that Respondent violated 49 C.F.R. Part 195, as more fully described in the Notice:

49 C.F.R. §195.403 (a)1-5 and (b) 1-2 –failure to provide records to demonstrate that each employee's performance in meeting the objectives of the emergency response training was accomplished at intervals not exceeding 15 months, but at least once each calendar year.

49 C.F.R. §195.403(c) - failure to demonstrate that the supervisors' knowledge of emergency response procedures for which they are responsible has been maintained and verified.

49 C.F.R. §195.420(a) and (b) - failure to provide valve inspection records to demonstrate that all 21 designated mainline valves in Mississippi were in good working order at all times. Respondent's valve inspection records show 14 valve inspections were not completed in the first half of 2003 and 2 valve inspections were not completed in the second half of 2003.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to a civil penalty not to exceed \$100,000 per violation for each day of the violation up to a maximum of \$1,000,000 for any related series of violations. The Notice proposed a total civil penalty of \$23,250 for violations of 49 C.F.R. Part 195.

49 U.S.C. § 60122 and 49 C.F.R. § 190.225 require that, in determining the amount of the civil penalty, I consider the following criteria: nature, circumstances, and gravity of the violation, degree of Respondent's culpability, history of Respondent's prior offenses, Respondent's ability to pay the penalty, good faith by Respondent in attempting to achieve compliance, the effect on Respondent's ability to continue in business, and such other matters as justice may require.

Item 1 of the Notice proposed a civil penalty of \$5,000, as Respondent failed to provide records to demonstrate that each employee's performance in meeting the objectives of the emergency response training was accomplished, at intervals not exceeding 15 months, but at least once each calendar year, as required by 49 C.F.R. §195.403 (a)1-5 and (b) 1-2. Respondent did not contest the allegation of violation. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$5,000, already paid by the Respondent for violation.

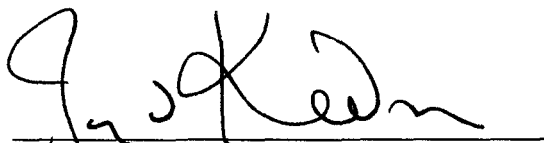
Item 2 of the Notice proposed a civil penalty of \$5,000, as Respondent failed to provide records to demonstrate that the supervisors' knowledge of emergency response procedures for which they are responsible has been maintained and verified, as required by 49 C.F.R. §195.403(c). Respondent did not contest the allegation of violation. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$5,000, already paid by the Respondent for violation.

Item 3 of the Notice proposed a civil penalty of \$13,250, as Respondent failed to provide valve inspection records to demonstrate that all 21 designated mainline valves in Mississippi were in good working order at all times, as required by 49 C.F.R. §195.420(a) and (b). Respondent's valve inspection records show 14 valve inspections were not completed in the first half of 2003 and 2 valve inspections were not completed in the second half of 2003. Respondent did not contest the allegation of violation. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$13,250, already paid by the Respondent for violation.

WARNING ITEMS

The Notice did not propose a civil penalty or compliance action for Items 4, 5, and 6 in the Notice; therefore, these are considered warning items. Respondent is warned that if it does not take appropriate action to correct these items, enforcement action will be taken if a subsequent inspection reveals a violation.

The terms and conditions of this Final Order are effective on receipt.



for
Stacey Gerard
Associate Administrator
for Pipeline Safety

NOV 28 2005

Date Issued